

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 FEA-01 AEC-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 EB-07 FPC-01 H-02

INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 RSC-01

SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 FRB-01

XMB-04 OPIC-06 LAB-04 SIL-01 AGR-10 /126 W

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R 041716Z DEC 74

FM AMEMBASSY ROME

TO SECSTATE WASHDC 8500

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

EC BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMCONSUL MILAN

AMCONSUL NAPLES

AMEMBASSY OTTAWA

AMEMBASSY PARIS

OECD PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: EFIN, IT

SUBJ: MORO'S ECONOMIC PROGRAM: SELECTED INTERNATIONAL
ECONOMIC ASPECTS

REF.: ROME 16782 DATED 3 DECEMBER 1974

1. FOLLOWING IS PARAPHRASE OF THOSE SECTIONS OF MORO'S ECONOMIC
PROGRAM DEALING WITH INTERNATIONAL ECONOMIC ISSUES, ALMOST
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EXCLUSIVELY THE ENERGY CRISIS.

2. CURRENT EXPLOSIVE INTERNATIONAL INFLATION IS WITHOUT PRECEDENT. HOWEVER, IN CONTAINING INFLATION, THREAT OF GLOBAL RECESSION IS INHERENT. ENERGY CRISIS IS GRAVE PROBLEM WHICH FACES ALL COUNTRIES TOGETHER, ESPECIALLY LESS-DEVELOPED COUNTRIES. INTERNATIONAL COOPERATION AND SOLIDARITY ARE NEEDED TO CONFRONT ALL OF STRUCTURAL ECONOMIC PROBLEMS OF WORLD: ENERGY, POPULATION GROWTH, FOOD SHORTAGES, DEVELOPMENT OF LDC'S, GROWTH AND DIFFUSION OF TECHNOLOGY, AND MORE JUST DISTRIBUTION OF WORLD'S WEALTH. ITALY SUPPORTS, WITH OTHER NATIONS, POSITIVE RESPONSE ON PART OF EEC TO APPEAL OF UN SECRETARY GENERAL TO ASSIST IN ALLEVIATING BURDENS PLACED ON THE LDC'S BY CURRENT INTERNATIONAL ECONOMIC CRISIS.

3. CONCENTRATION OF INCOME IN OIL-PRODUCING COUNTRIES AND RESULTING LARGE AMOUNTS OF LIQUID FUNDS AUGMENTS CAPACITY OF THESE COUNTRIES TO CAUSE RAPID CHANGES IN RELATIVE CURRENCY VALUES OF INDUSTRIAL COUNTRIES. GLOBAL STRATEGY BETWEEN OIL-CONSUMING AND OIL-PRODUCING COUNTRIES IS NECESSARY TO PROMOTE ECONOMIC STABILITY. CRISIS HAS CONFIRMED THAT NO COUNTRY HAS UNLIMITED NATIONAL SOVEREIGNTY.

4. IMF OIL FACILITY HELPS. ITALY IS ONLY INDUSTRIALIZED COUNTRY TO USE IT. DURING 1975, FUND'S EFFORTS, WHICH HAVE APPROVAL OF BOTH OIL-PRODUCING AND OIL-CONSUMING COUNTRIES, WILL CONTRIBUTE TO STABILITY OF INTERNATIONAL MONETARY SYSTEM. ITALY ALSO SUPPORTS PROPOSALS OF EEC TO BORROW FUNDS FROM OIL-PRODUCERS ON BEHALF OF COMMUNITY. THIS IS ALSO ITALIAN POSITION IN REGARD TO SIMILAR PROPOSALS IN OECD FRAMEWORK.

5. DR. KISSINGER HAS PROPOSED COOPERATIVE PROGRAM BETWEEN MAJOR OIL-CONSUMING NATIONS. ITALY IS INTERESTED IN THIS PROGRAM ON CONDITION THAT IT WILL NOT LEAD TO CONFLICT BETWEEN CONSUMING AND PRODUCING COUNTRIES. HOWEVER, FUNDAMENTAL CAUSE OF INSTABILITY IN INTERNATIONAL MONETARY SYSTEM, I.E., ACCUMULATION OF LIQUID FUNDS BY OIL-PRODUCING COUNTRIES, REMAINS. INDEFINITE INCREASE IN DEBTS AND INDEFINITE INCREASE IN LIQUID FUNDS ARE NOT POSSIBLE. IT IS NECESSARY TO MOVE TOWARD EQUILIBRIUM IN TRADE IN GOODS AND SERVICES. ACCELERATION OF INVESTMENT PROGRAMS OF OIL-PRODUCING COUNTRIES IS NEEDED, AS THESE PROGRAMS CANNOT NOW

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ABSORB INCOME THESE COUNTRIES ARE RECEIVING. IN ADDITION, PROBLEM OF HIGH PRICE OF OIL REQUIRES CONSIDERATION.VOLPE

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